

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **April 9, 2002**

AGENDA ITEM NO.: 23

CONSENT:

REGULAR: **X**

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **FY 2002 Third Quarter Budget Adjustments**

### RECOMMENDATION:

City Council rescind prior City Capital Fund appropriations except those needed to support expenditures and appropriate funds for City Capital Projects for the remainder of FY 2002 as noted on Attachment A. Further, it is recommended that City Council appropriate revenue, expenditure and transfer adjustments as identified on Attachments B, C, D for the General Fund Operating Budget and the Fleet Services Fund, Attachment E.

### SUMMARY:

As discussed with City Council, the Capital Improvement Program has been a work-in-progress for many months. In order to develop a *Proposed FY 2003-2008 Capital Improvement Program*, it was necessary to review prior CIP appropriations and their source of funding.

During the review of prior appropriations and the associated projects, it became clear that it would be best to "clean-slate" the current FY 2002 appropriation base by rescinding prior appropriations and bringing forward a list of projects that Council has considered in the past for appropriation for the remainder of this fiscal year. Attachment A reflects the proposed capital improvement program appropriations needed through FY 2002.

In early March, staff began a review of FY 2002 operating revenues and expenditures to determine if adjustments were needed prior to the end of the fiscal year. Departments were requested to submit any adjustments that needed to be considered prior to the end of the fiscal year. Likewise, Financial Services staff reviewed projected revenues, including known state budget cuts. Attached is a list of proposed expenditure and revenue adjustments based on a third quarter review, Attachments B, C, and D.

Since the April 2, 2002 Council work session, two items have been added to the General Fund expenditure adjustments for emerging issues. An amount of \$200,000 is recommended to fund potential shortfalls in the Airport Fund due to increased expenditures mandated by the federal government for security. Staff is cautiously optimistic that the federal government will reimburse the City for these costs. In addition, \$550,000 has been included to fund the relocation of the Lynchburg Redevelopment and Housing Authority from Court Street to Commerce Street.

Finally, adjustments to the Fleet Services Fund are recommended to reflect increased revenue and transfers to primarily support fleet replacement and the realignment of certain expenditures into more appropriate expenditure accounts.

PRIOR ACTION(S): Capital Improvement Program Funding Resolutions R94-150, R95-179, R96-150, R97-102, R98-094, R99-104, R-00-106, O-01-095

Adoption of the FY 2002 Operating Budget: May 22, 2001

City Council Work Sessions: March 26, 2002

April 2, 2002

BUDGET IMPACT: \$5,567,980 appropriated to the City Capital Fund for the remainder of FY 2002  
Resources of \$20,038 and expenditures of \$1,233,705 be appropriated to the General  
Fund including an increase in transfers of \$350,000  
Resources of \$1,181,126 and expenditures of \$1,502,164 be appropriated to the  
Fleet Services Fund

CONTACT(S): Bonnie Svrcek, Deputy City Manager 847.1443 ext. 224

ATTACHMENT(S):

Attachment A: Projects Requiring an Appropriation for FY 2002 and Proposed FY 2003 Capital Improvement  
Projects

Attachment B: FY 2002 General Fund Third Quarter Summary

Attachment C: FY 2002 Third Quarter Operating Budget Adjustments: Revenue

Attachment D: FY 2002 Third Quarter Operating Budget Adjustments: Expenditures

Attachment E: FY 2002 Third Quarter Fleet Services Summary

REVIEWED BY:

Ordinance:

BE IT ORDAINED That Capital Improvement Program Funding Resolutions R94-150, R95-179, R96-150, R97-102, R98-094, R99-104, R-00-106, O-01-095 are rescinded except for those appropriations necessary to fund prior expenditures for projects included in the prior Capital Improvement Programs; and,

BE IT FURTHER ORDAINED That there be appropriated from the funds and resources of the City of Lynchburg for the fiscal year ending June 30, 2002, \$5,567,980 to the City Capital Fund;

BE IT FURTHER ORDAINED That there be appropriated from the funds and resources of the City of Lynchburg the sums for the General Fund and the Fleet Services Fund as identified on the FY 2002 General Fund Third Quarter Summary and the FY 2002 Third Quarter Fleet Services Summary;

BE IT FURTHER ORDAINED That City Council approve the transfers from the Solid Waste, Water and Sewer Funds to the Fleet Services Fund as noted.

Introduced:

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

086L

<b>Attachment A</b>					
<b>Projects Requiring an Appropriation for FY 2002 and Proposed FY 2003 CIP Projects</b>					
<b>March 20, 2002</b>					
	<b>FY 2002</b>	<b>Purpose of FY 2002 Appropriation</b>	<b>FY 2003</b>		
	<b>Appropriation</b>		<b>Proposed</b>		
<b>Buildings</b>					
Major Building Repairs	\$ 290,616	Complete existing repair projects	\$ 548,638		
Monument Terrace	\$ 250,000	Planning and design for restoration	\$ 1,879,295		
Old Courthouse/Museum Renovations	\$ 169,650	Planning and design	\$ 422,900		
Roof Replacements	\$ 25,400	Repair and replace various roofs	\$ 285,688		
Holiday Inn Parking Deck	\$ 38,000	Planning and design to repair structural deficiencies	\$ 361,405		
Cemetery Expansion	\$ -		\$ 126,000		
Human Services Furniture, Fixtures and Equipment	\$ -		\$ 703,592	revised	
	\$ -				
Humane Society Expansion	\$ -		\$ 100,000		
Market Parking Deck Renovation	\$ -		\$ 33,000		
<b>Total</b>	<b>\$ 773,666</b>		<b>\$ 4,460,518</b>		
<b>Transportation</b>					
Breezewood Drive Connector	\$ 30,000	2% matching funds for extension of Breezewood Drive			
Cross-town Connector	\$ 25,000	City engineering for Phase I	\$ 60,000		
Enterprise Drive Extension	\$ 147,000	To pay bills not yet received but anticipated; primarily for signalization.			
General Street Improvements	\$ 770,059	Continued funding for outstanding petitions and improvements	\$ 856,870		
Greater Lynchburg Transit Company	\$ 170,527	To pay bills not yet received but anticipated	\$ 23,058		
Major Bridge Repairs	\$ 863,092	Design and construction	\$ 745,000		
Old Graves Mill Road Relocation	\$ 25,000	Design and contract administration	\$ 745,000		
Street Resurfacing	\$ 371,663	Continue street resurfacing			
Minor Bridge Repair	\$ 179,970	Continue minor bridge repair			
<b>Total</b>	<b>\$ 2,030,678</b>		<b>\$ 2,429,928</b>		
<b>Economic Development</b>					
Downtown Riverfront Development	\$ 535,316	Relocation of utility poles	\$ 1,000,000		
Central Virginia Community College	\$		\$ 105,707		
Street/Utility Extension for Ec. Dev. (GF)	\$ 186,369	To be determined	\$ 150,000		
General Development Support (GF)	\$ 411,484	To be determined	\$ 200,000		
<b>Total</b>	<b>\$ 1,1X3.169</b>		<b>\$ 1,455.707</b>		
<b>Parks and Recreation</b>					
BCNA Ed Page Entrance Restrooms	\$ 25,000	Complete architectural and engineering	\$ 150,000		
Biggers Playlot Upgrade	\$ 31,659	Complete playlot site amenities			

	FY 2002	Purpose of FY 2002 Appropriation	FY 2003		
	Appropriation		Proposed		
<b>Parks and Recreation (conitnued)</b>					
City Stadium Park	\$ 300,000	Land acqisistion, conceptual site plan, environmental assessment			
Community Market/Ventilation System	\$ 300,000	Engineering, construction documents, installation			
Daniels Hill Playground and					
Landscaping	\$ 32,081	Landscaping, playground equipment, site amenties			
Fairview Heights Recreation Center	\$ 101,065	Complete renovation			
Fort Avenue Playlot Upgrade	\$ 16,984	Complete playlot			
Jefferson Park Site Improvements	\$ 30,510	Initiate parking improvements; exercise equipment, signage, etc.			
New trail development	\$ 40,472	Matching funds for Point of Honor Bridge and Peaks View Park	\$ 32,608		
Parks and Rec. Office Rnvtntn.	\$ 148,862	Complete renovations at Grove Street			
Peaks View Park Restrooms	\$ 8,133	Provide for ADA compliant restrooms			
Athletic Field Improvements	\$ -		\$ 166,740		
College Hill Community Ctr. Renovations	\$ -		\$ 48,631		
Diamond Hill Community Center Renovation	\$ -		\$ 53,748		
E.C. Glass Tennis Court Renovation	\$ -		\$ 20,000		
Grace Street Retaining Wall	\$ -		\$ 57,520		
Lynchburg United Soccer	\$ -		\$ 358,120		
Miller Park Improvements	\$ -		\$ 36,000		
Parks Paving/Lighting	\$ -		\$ 125,000		
Playground Replacement/Improvements	\$ -		\$ 167,988		
Skateboard Park	\$ -		\$ 50,000		
Three Park Master Plan	\$ -		\$ 30,000		
<b>Total</b>	<b>\$ 1,630,467</b>		<b>\$ 6,615,916</b>		
<b>Grand Total</b>	<b>\$ 5,567,980</b>		<b>\$ 14,962,069</b>		

Attachment B  
General Fund Financial Summary

	Adopted FY 2002	Amended FY 2002 As of 2/28/02	Third Quarter Adjustments FY 2002	Third Quarter to Adopted Variance +/-	Third Quarter to Adopted Percentage +/-
UNDESIGNATED BEGINNING BALANCE	\$12,353,952	\$12,353,952	\$16,942,308	\$4,588,356	
Use of Reserve for Future Financial Support					
Encumbrances & Carryforwards	\$49 1,092	\$491,092	\$483,818	-\$7,274	
Use of Fund Balance			(590,394) *	-\$590,394	
Funding from Reserve for Strategic Initiatives		370,337	442,182	\$442,182	
PROJECTED TOTAL FUNDS AVAILABLE	\$12,845,044	\$12,845,044	\$17,277,914	\$4,432,870	

REVENUES					
Non-Dedicated Revenues					
Real Property	\$28,770,323	\$28,770,323	\$29,309,569	\$539,246	2%
Personal Property	15,324,210	15,324,210	15,322,811	(1,399)	0%
Public Service Corp	2,08 1,303	2,08 1,303	2,2 15,324	134,021	6%
Consumer Utility Taxes	5,991,144	5,991,144	5,849,152	(141,992)	-2%
Local Sales Tax	11,724,934	11,724,934	10,896,244	(828,690)	-7%
Business License	6,469,522	6,154,522	6,158,638	(310,884)	-5%
Meals Tax	6,939,313	6,939,313	6,939,313	0	0%
Delinquent Taxes/Penalties	1,407,500	1,407,500	1,697,420	289,920	21%
Other Local Taxes	5,400,074	5,715,074	5,588,430	188,356	3%
Permit, Fees & Licenses	578,165	578,165	608,865	30,700	5%
Fines and Forfeitures	785,000	785,000	745,000	(40,000)	-5%
Interest on Investments	1,475,280	1,475,280	926,336	(548,944)	-31%
Use of Property	550,042	550,042	507,454	(42,588)	-8%
Charges for Services	1,236,508	1,154,214	1,128,314	(108,194)	-9%
Misc. Revenue	2 17,030	2 17,030	229.21 1	12.181	6%
Intergovernmental Revenues					
House Bill 599	2,623,421	2,623,421	2,395,177	(228,244)	-9%
Other	936,851	908,885	882,945	(53,906)	-6%
Total Non-Dedicated Revenues	\$92,510,620	\$92,400,360	\$91,400,203	(1,110,417)	-1%

REVENUES					
Dedicated Revenues					
Local					
Reimbursement from Enterprise Funds	\$2,409,368	\$2,409,368	\$2,409,368	\$0	0%
Other	1,360,679	1,442,973	1,580,902	220,223	16%
Intergovernmental Revenues					
Constitutional Officers	2,447,330	2,525,149	2,448,530	1,200	0%
Human Services	8,376,760	8,388,542	8,774,842	398,082	5%
Highway Maintenance	6,334,306	6,334,306	6,642,083	307,777	5%
Other	356,313	383,078	483,013	126,700	36%
Interfund Transfers	233,095	302,431	309,568	76,473	33%
Total Dedicated Revenues	\$21,517,851	\$21,785,847	\$22,648,306	\$1,130,455	5%
TOTAL REVENUES	\$114,028,471	\$114,186,207	\$114,048,509	\$20,038	0%

EXPENSES					
Operatmg - Departmental	\$65,365,434	\$663866,663	\$66,084,107	\$718,673 2	1%
Operating - Non-Departmental	10,177,458	10,582,846	10,582,846	405,388 2	4%
Debt Service	5,300,484	5,300,484	5,181,860	(1 18,624)	-2%
Schools - Operations	27,575,411	27,575,411	27,575,411	0	0%
Schools - Debt Service	3,844,592	3,844,592	3,686,947	(1 57,645)	-4%
Reserves					
Strategic Initiatives-Economic Development	547,804	918,141	918,141	370,337 3	68%
Strategic Initiatives-Emerging Issues	0	0	750,000	750,000	100%
Streets & Bridges	450,000	450,000	450,000	0	0%
Public Works	350,000	0	0	(350,000) 4	- 100%
Contingencies	964,086	693,569	579,662	(384,424)	-40%
TOTAL EXPENDITURES	\$114,575,269	\$116,231,706	\$115,808,974	\$1,233,705	1%

TRANSFER TO CAPITAL FUNDS					
City Capital Projects Fund	\$898,442	\$1,248,442	\$1,248,442	\$350,000 4	39%
Schools Capital Projects Fund	300,000	300,000	300,000	0	0%
TOTAL TRANSFER TO CAPITAL	\$1,198,442	\$1,548,442	\$1,548,442	\$350,000	29%

TOTAL FUND BALANCE	\$11,099,804	\$9,251,103	\$13,969,007
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<sup>1</sup> Amended Budget plus Contingency Council reports posted in March (\$53,678) plus Third Quarter Adjustments (\$81,907) less Strategic Initiative Allocation (\$918,141)					
<sup>2</sup> Variance Departmental	\$718,673		<sup>3</sup> Funding from remaining balance in Reserve for Strategic Initiatives		
Variance Non Departmentals	405,388		<sup>4</sup> Realignment of Public Works Reserve funding to City Capital Projects Fund		
Third Quarter Adjustments	(81,907)		* Use of Fund Balance:		
Encumbrances	(483,817)		Reduction for Not for Profit Reserve		(561,881)
Carry Forward Council Report	(940,361)		Reduction for Riversviews reserve (Funded through 3rd Qr)		
Reserve for Contingency appropriations	(302,517)		Funding for Fleet Fund		(137,752)
Variance increases/decreases from transfers	\$ (684,541)		Reduction for overpayment of Sales Tax		(237,325)
<sup>5</sup> Housing Authority Project \$550,000 & potential Airport deficit funding \$200,000			Funding from other designations		346,564

<b>Attachment C</b>				
<b>FY 2002 Third Quarter Operating Budget Adjustments</b>				
<b>March 27,2002</b>				
		<b>Third Quarter</b>		
	<b>Adopted</b>	<b>Adjustments</b>	<b>Variance</b>	<b>Variance</b>
	<b>FY 2002</b>	<b>FY 2002</b>	<b>(+/-)</b>	<b>(%)</b>
<b>NON-DEDICATED REVENUE</b>				
Real Property	\$28,770,323	\$29,309,568	\$539,245	2%
Personal Property	15,324,210	15,322,811	(\$1,399)	0%
Public Service Corporation	2,081,303	2,215,324	\$134,021	6%
Consumer Utility Taxes	5,991,144	5,849,152	(\$141,992)	-2%
Local Sales Tax	11,724,934	10,896,244	(\$828,690)	-7%
Business Licenses	6,469,522	6,158,638	(\$310,884)	-5%
Meal Tax	6,939,313	6,939,313	\$0	0%
Delinquent Taxes/Penalties	1,407,500	1,697,420	\$289,920	21%
Other Local Taxes	5,400,074	5,588,430	\$188,356	3%
Permit, Fines and Licenses	578,165	608,865	\$30,700	5%
Fines & Forfeitures	785,000	745,000	(\$40,000)	-5%
Interest on Investments	1,475,280	926,336	(\$548,944)	-37%
Use of Property	550,042	507,454	(\$42,588)	-8%
Charges for Services	1,236,508	1,128,314	(\$108,194)	-9%
Miscellaneous	217,030	229,211	\$12,181	6%
Intergovernmental:				
House Bill 599	2,623,421	2,395,177	(\$228,244)	-9%
Other	936,850	882,945	(\$53,905)	-6%
<b>TOTAL</b>	<b>\$92,510,619</b>	<b>\$91,400,202</b>	<b>(\$1,110,417)</b>	<b>-1%</b>
<b>DEDICATED REVENUE</b>				
Pavment in Lieu of Taxes	\$2,409,368	\$2,409,368	\$0	0%
Intergovernmental:				
Constitutional Offices	2,447,330	2,448,530	\$1,200	0%
Human Services	8,376,760	8,774,842	\$398,082	5%
Highway Maintenance	6,334,306	6,642,083	\$307,777	5%
Other	1,360,679	1,580,902	\$220,223	16%
Interfund Transfers	233,095	309,568	\$76,473	33%
Miscellaneous State Funding	356,313	483,013	\$126,700	36%
<b>TOTAL</b>	<b>\$21,517,851</b>	<b>\$22,648,306</b>	<b>\$1,130,455</b>	<b>5%</b>
<b>TOTAL REVENUES</b>	<b>\$114,028,470</b>	<b>\$114,048,508</b>	<b>\$20,038</b>	<b>0%</b>

<b>Attachment D</b>		
<b>FY 2002 Third Quarter Operating Budget Adjustments</b>		
<b>General Fund</b>		
<b>Revised April 2, 2002</b>		
<b>Expenditure Adjustments</b>	<b>Purpose</b>	<b>Amount</b>
CAMA Savings in Assessors Office	Costs less than anticipated	\$ (10,000)
Compensation Adjustment Balance		\$ (28,350)
Heavy Equipment Reserve	Funded in the Fleet Fund	\$ (30,000)
Deferred Compensation balance		\$ (20,000)
VRS savings		\$ (194,030)
Exemplary Performance Allocation		\$ (203,029)
Police Cadet Savings	Savings due to additional grant funds	\$ (51,885)
Public Works Engineering Services	Offset by revenue	\$ 117,000
Leaf Collection Overtime	Previously funded with position turnover	\$ 44,892
Health Department	West Nile Virus/offset by revenue	\$ 8,600
Riverviews		\$ 350,000
Health Insurance Deficit		\$ 200,000
Jail Deficit (FY 2001)		\$ 105,000
Payment to Water Fund	For unread municipal meters	\$ 39,484
Fire Department: Salary balance		\$ (335,000)
FLSA Overtime		\$ 85,000
Receptionist		\$ 7,000
Overtime		\$ 20,500
Engine 4 repairs		\$ 22,500
Turnout Gear		\$ 12,000
Other Overages	Details provided at work session	\$ 123,000
Public Assistance		\$ (63,884)
VIEW		\$ (49,916)
Destiny	Offset by revenue	\$ 6,667
Fraud Free		\$ 1,886
Energy Assistance	Offset by revenue	\$ 2,539
Independent Living		\$ (1,448)
Circuit Court Clerk	Technology funds mistakenly appropriated	\$ (76,619)
<b>Total</b>		<b>\$ 81,907</b>

## Attachment E

## FY 2002 Third Quarter Fleet Services Summary

## PROGRAM DESCRIPTION

The Fleet Services Department provides a full spectrum of fleet related services for all city vehicle and small engine equipment customers. These services include vehicle and small engine equipment acquisition and replacement planning, fueling, preventive and routine maintenance. The Department oversees all fueling services within the City and the maintenance and automotive stores facilities within the Public Works complex at 1700 Memorial Avenue.

	Actual FY 2001	Adopted FY 2002	Amended FY 2002	Third Quarter FY 2002	Increase/ (Decrease)
BEGINNING BALANCE	(\$ 765,069)	\$0	(\$230,273)	(\$230,273)	\$0
USE OF RESERVES	\$26,158	\$0	\$736,350	\$736,350	0
REVENUES					
Warehouse Inventory	\$428,688	\$45 1,762	\$451,762	\$451,762	0
Fuel Sales	398,546	343,288	343,288	343,288	0
Mechanical Work by Vendors	148,675	193,422	193,422	193,422	0
Vehicle Administration	186,711	221,708	221,708	221,708	0
Labor Sales	434,095	586,651	586,651	586,651	0
Vehicle Capital	0	500,000	0	0	0
Bond Proceeds	0	0	0	0	0
Interest on Investments	10,413	0	0	0	0
Miscellaneous	7,271	0	0	0	0
Sale/Salvage of Surplus Property	127,226	0	0	130,998	130,998
Transfer from General Fund	1,883,037	0	500,000	500,000	0
Transfer From Solid Waste Management Fund	1,315,666	0	1,105,909	1,826,374	720,465
Transfer From Water Operating Fund	78,226	0	261,774	330,171	68,397
Transfer From Sewer Operating Fund	125,000	0	0	261,266	261,266
TOTAL	\$5,143,554	\$2,296,831	\$3,664,514	\$4,845,640	\$1,181,126
EXPENDITURES					
Personnel (FTE)	14	13	13	13	
Personal Services	\$605,812	\$600,378	\$602,167	\$584,259	(17,908)
Tool Allowance	2,800	1,800	1,950	1,800	(150)
Supplies	29,514	7,700	7,709	24,676	16,967
Equipment Operation & Maintenance	917	0	0	2,000	2,000
Gasoline/Diesel Fuel	937	342,000	342,000	0	(342,000)
Internal Services	6,807	0	0	13,793	13,793
Equipment Replacement/Additions	2,343,624	500,000	2,306,296	3,857,506 1/	1,551,210
Utilities	14,572	73,750	73,878	76,748	2,870
Buildings & Grounds Maintenance	6,128	26,350	26,350	26,350	0
Contractual Services	65,264	167,465	166,145	64,694	(101,451)
Training & Meetings	17,627	20,780	19,732	20,780	1,048
Stores Expenses	791,011	335,000	335,008	809,965	474,957
Miscellaneous Expenses	2,539	104,274	104,274	3,313	(100,961)
Nondepartmental Employee Benefits	11,014	12,297	12,297	12,297	0
Compensation Adjustment Reserve	0	29,139	27,350	29,139	1,789
Debt service	0	0	0	0	0
Transfer to General Fund	0	0	2,149	2,149	0
Transfer To Self Insurance Fund	0	0	1,048	1,048	0
Encumbrance Carryforward	736,350	0	0	0	0
TOTAL	\$4,634,916	\$2,220,933	\$4,028,353	\$5,530,517	\$1,502,164
ENDING FUND BALANCE	(\$230,273)	\$75,898	\$142,238	(\$178,800)	(\$321,038)

1/ The projected FY 2002 deficit of \$178,800 reflects an expenditure of \$840,000 for tire and rescue equipment that is scheduled to be ordered during FY 2002 for delivery during FY 2003. Payment for this equipment will be funded by the late Summer 2002 bond issue